

KEY SERVICE INSIGHTS

INDIVIDUAL TAX NEWSLETTER

U.S. TAXATION OF U.S. CITIZENS AND U.S. TAX RESIDENTS RESIDING OVERSEAS

TAXATION AND REPORTING OF CERTAIN FOREIGN ASSETS

U.S. citizens and U.S. tax residents (“**U.S. Persons**”) who reside outside the U.S. may have investments or assets that require special reporting or have alternative tax regimes. It is important the U.S. Person or their tax advisor understands these specialized tax rules in order to avoid punitive tax regimes or penalties to properly file the required informational reports.

For U.S. Persons with investments and income outside the U.S., the U.S. taxation can be unfavorable and there are enhanced informational reporting obligations. For example, a non-U.S. pension that is taxed deferred in the country where the U.S. Person is a resident may or may not be taxed currently in the U.S. and the U.S. tax treatment will be based on U.S. pension rules. Also, the non-U.S. pension plan will likely be considered a foreign trust which could require additional informational reporting.

A U.S. Person who is a U.S. shareholder of a controlled foreign corporation (“**CFC**”) may or may not be able to defer U.S. taxation on income accrued and remaining in the CFC. Further, essentially a corporate tax return will be required to be filed as an informational filing with the U.S. Person’s U.S. tax return. There is an additional information filing that is required in the year that the CFC was formed.



Certain foreign investments, such as a non-U.S. mutual fund, are considered an interest in a passive foreign investment company (“**PFIC**”). The PFIC tax regime can be punitive and PFICs require extensive record keeping and reporting.

Praestans has significant experience with reporting and planning for alternative tax regimes for non-U.S. pensions, CFCs, and PFICs. We understand how to navigate these alternative tax regimes to get the optimal tax result for our clients. The tax professionals at Praestans have legal, tax, and accounting backgrounds that are necessary for the successful preparation of these tax filings.

Praestans Global Advisors is neither a law firm nor a CPA firm.



Strategic Business Planning that is collaborative, integrated, and bespoke.